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PERU

BY JOHN H. FAHEY,
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Peru's most important demand for capital in the United States has been for government purposes. Efforts have been made recently to secure in this country a loan of \$15,000,000 to cancel various debts and pay the interest and amortization of old loans; notably that previously obtained in the United States through the W. R. Grace Syndicate. Efforts to negotiate such a loan have been abandoned for the present, since the Peruvian government and American bankers were unable to agree upon arrangements. The government has, therefore, suspended negotiations until later and is to apply the surplus, accumulating as a result of present economies, to settlement of interest and amortization on the debt.

The first year of the war caused a large decline in government income, and at once a program of rigid economy was adopted. This is proving successful. Sooner or later the Peruvian debt will unquestionably be financed in some form, and the matter will again be taken up with bankers in this country. The total debt of the country is about \$29,000,000, or about \$6.50 per capita.

It is almost impossible to say what the capital needs of Peru are at present, for municipal and public work. A number of communities are anxious to improve their water supplies and are ready to grant concessions and guarantees for the necessary capital. Railroad extensions and new lines are also projected. These enterprises would undoubtedly call for an expenditure of \$25,000,000 or \$30,000,000, if obtainable on a reasonable basis. It is probable, however, that most of these developments will be delayed until the terms on which the capital may be obtained are much better than at present.

Investigations of various industrial proposals, as well as railroads and public works, are being made on behalf of American capitalists at present, but as yet there is no information available as to the aggregate capital requirements involved. If a government loan is arranged in this country within the next year or two it will undoubtedly aid the Peruvian situation very much from a capital standpoint and stimulate the investment of North American money in industrial and other enterprise.